

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Sorrento, Louisiana

FINANCIAL STATEMENTS

December 31, 2013

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Sorrento, Louisiana

TABLE OF CONTENTS

December 31, 2013

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Cash Flows	C	5
Notes to the Financial Statements	D	6



INDEPENDENT AUDITORS' REPORT

Board of Directors
River Parishes Community College Foundation, Inc.
Sorrento, Louisiana

We have audited the accompanying financial statements of **RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.** (the Foundation) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2012 financial statements, and our report dated May 31, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Baton Rouge, Louisiana
September 12, 2014

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2013

(with comparative amounts for 2012)

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT		
Cash	\$ 265,952	\$ 125,953
Investments	84,066	74,934
Pledges receivable	<u>72,666</u>	<u>5,000</u>
Total current assets	<u>422,684</u>	<u>205,887</u>
RESTRICTED ASSETS		
Cash	37,189	21,937
Investments	<u>316,044</u>	<u>319,704</u>
Total restricted assets	<u>353,233</u>	<u>341,641</u>
Total assets	<u><u>\$ 775,917</u></u>	<u><u>\$ 547,528</u></u>

NET ASSETS

NET ASSETS		
Unrestricted	\$ 210,008	\$ 157,177
Temporarily restricted	265,909	90,351
Permanently restricted	<u>300,000</u>	<u>300,000</u>
Total net assets	<u><u>\$ 775,917</u></u>	<u><u>\$ 547,528</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

(with comparative amounts for 2012)

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
General donations	\$ 91,300	\$ 210,834	\$ -	\$ 302,134	\$ 137,669
Scholarship donations	-	29,378	-	29,378	4,425
Golf tournament	30,435	-	-	30,435	-
In-kind support	90,924	-	-	90,924	91,224
Investment income (loss):					
Dividend and interest	81	7,055	-	7,136	5,971
Realized gain	-	21,262	-	21,262	2,067
Unrealized (loss) gain	-	(2,835)	-	(2,835)	15,931
Total support	212,740	265,694	-	478,434	257,287
Net assets released from restrictions:					
Satisfaction of purpose restrictions	90,136	(90,136)	-	-	-
Total support and net assets released from restrictions	302,876	175,558	-	478,434	257,287
EXPENSES					
Program:					
Scholarships	39,500	-	-	39,500	34,125
Program equipment	45,050	-	-	45,050	-
Staff excellence	11,250	-	-	11,250	-
Other	24,464	-	-	24,464	22,603
Fundraising:					
Golf tournament	7,311	-	-	7,311	-
Other	11,244	-	-	11,244	-
Feasibility study	-	-	-	-	31,542
Personnel - in-kind	90,924	-	-	90,924	91,224
General and administrative	20,302	-	-	20,302	13,011
Total expenses	250,045	-	-	250,045	192,505
Increase in net assets	52,831	175,558	-	228,389	64,782
NET ASSETS					
Beginning of year	157,177	90,351	300,000	547,528	482,746
End of year	\$ 210,008	\$ 265,909	\$ 300,000	\$ 775,917	\$ 547,528

The accompanying notes to financial statements
are an integral part of this statement.

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013
(with comparative amounts for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 228,389	\$ 64,782
Adjustments for non-cash items:		
Unrealized investment loss (gain)	2,835	(15,931)
Realized investment gain	(21,262)	(2,067)
Change in operating assets and liabilities:		
Pledge receivable	<u>(67,666)</u>	<u>5,000</u>
Net cash provided by operating activities	<u>142,296</u>	<u>51,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	116,038	13,095
Purchases of investments	(103,083)	(58,878)
Change in restricted cash	<u>(15,252)</u>	<u>31,561</u>
Net cash used by investing activities	<u>(2,297)</u>	<u>(14,222)</u>
Net increase in cash	139,999	37,562
CASH		
Beginning of year	<u>125,953</u>	<u>88,391</u>
End of year	<u>\$ 265,952</u>	<u>\$ 125,953</u>

The accompanying notes to financial statements
are an integral part of this statement.

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The River Parishes Community College Foundation, Inc. (the Foundation) is a non-profit corporation which was organized to promote the educational and cultural welfare of the River Parishes Community College (the College), by accepting contributions for the purpose of providing broader educational advantages and scholarships and aiding research or other designated projects for the benefit of the College.

Basis of presentation

The Foundation prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The statement of activities presents expenses of the Foundation's operations functionally by program, fundraising, and management and general.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used when accounting for the valuation of pledges receivable and the allocation of fundraising expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenues, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions received are classified as permanently restricted if the donor stipulates that the contribution be maintained in perpetuity. The income earned from permanently restricted investments may be used for a specified purpose or may be unrestricted, depending on the donor's designation of the earnings.

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investment valuation and income recognition

Financial Accounting Standards Board's ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition (Continued)

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related expenses of \$4,040 for 2013.

Fair value of financial instruments

Unless otherwise indicated, the carrying value of assets and liabilities approximate fair value due to the short-term maturity of these instruments.

Income taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The Foundation follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the Foundation believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax issues. The Foundation's open audit periods are 2010 through 2013.

NOTE 2 - INVESTMENTS

Investments at December 31, 2013 are as follows:

	<u>Market Value</u>	<u>Cost</u>
Mutual funds	\$ 316,044	\$ 282,296
Certificates of deposit	56,786	55,000
Baton Rouge Area Foundation	27,280	25,550
	<u>\$ 400,110</u>	<u>\$ 362,846</u>

As of December 31, 2013 the fair value hierarchy of the Foundation's investments was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 316,044	\$ -	\$ 316,044
Certificates of deposit	-	56,786	56,786
Baton Rouge Area Foundation	-	27,280	27,280
Total	<u>\$ 316,044</u>	<u>\$ 84,066</u>	<u>\$ 400,110</u>

NOTE 3 - PLEDGES RECEIVABLE

Contributions are recognized when the donor makes a pledge to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets and when a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional pledges receivable at December 31, 2013 were \$72,666. Management believes all receivables to be collectible within one year; therefore, all pledges receivable are classified as current and an allowance for doubtful accounts has not been recorded.

NOTE 4 - RESTRICTED NET ASSETS

As of December 31, 2013, permanently restricted assets were the value of gifts donated to the Solomon B. Acy Scholarship Fund (\$300,000).

Temporarily restricted net assets and their purposes at December 31, 2013 were as follows:

	<u>Amount</u>
Capital campaign	\$ 149,643
College program support	63,033
Handicapped student support	<u>53,233</u>
Total	<u>\$ 265,909</u>

NOTE 5 - ENDOWMENT FUNDS

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The earnings from the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets (\$53,233) until those amounts are appropriated for expenditure by the Foundation. The earnings are to be used to award scholarships and financial aid to handicapped students for tuition, books, supplies, room, board, medical expenses and related physical equipment and technical devices.

(Continued)

NOTE 5 - ENDOWMENT FUNDS (CONTINUED)

Return objectives

The long-term investment objective is to maintain the purchasing power of the endowment assets while funding current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide annual distributions of scholarships and other non-scholarship support.

To satisfy the long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through market appreciation (realized and unrealized), and interest and dividends. The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The endowment fund had activity during 2013 as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 40,351	\$ 300,000	\$ 340,351
Dividend and interest	7,055	-	7,055
Realized gain	21,262	-	21,262
Unrealized loss	(2,835)	-	(2,835)
Released from restrictions	(12,600)	-	(12,600)
Endowment net assets, end of year	<u>\$ 53,233</u>	<u>\$ 300,000</u>	<u>\$ 353,233</u>

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Foundation to credit risk consist primarily of investments, equity holdings in corporations, and mutual funds. Future changes in market value may make such investments less valuable.

Additionally, the Foundation solicits a majority of funds from individual and corporate contributors in south Louisiana.

NOTE 7 - RELATED PARTY

The College provides administrative services to the Foundation, which is recorded as in-kind support on the Statement of Activities. During 2013 and 2012, \$90,924 and \$91,224, respectively, was recorded to reflect the services provided by the College. The amount for 2012 was not previously reported in the 2012 financial statements. For current year reporting, 2012 was restated to reflect this in-kind support.

NOTE 8 - SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which was the date the financial statements were available to be issued.



Board of Directors
River Parishes Community College Foundation, Inc.
Sorrento, Louisiana

In planning and performing the audit of the financial statements of the River Parishes Community College, Inc. Foundation (the Foundation) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Attachment A as item 2013-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Attachment A as items 2013-2 to be a significant deficiency.

The Foundation's responses to the deficiencies are described in Attachment A. We did not audit these responses and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Foundation's Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

Baton Rouge, Louisiana
September 12, 2014

2013-1 – Financial Statement Preparation & Accounting Oversight

Observation: The Foundation relies on its auditor to assist in adjusting and preparation of the external financial statements and related disclosures. Under United States generally accepted auditing standards, the Foundation's auditors cannot be considered part of the Foundation's internal control structure; however, design of the internal control structure does not otherwise include procedures to prepare external financial statements and related disclosures in conformity with United States generally accepted accounting principles.

Additionally, upon arrival for fieldwork, it was noted that bank reconciliations had not been performed for several months, investment activity had not been recorded in the financial statements, and there was at least one contribution for which the deposit had been made but was not recorded in the financial statements of the Foundation.

Recommendation: Since the Foundation is satisfied with using its auditing firm to prepare the external financial statements, no change is recommended. However, this matter will continue to be reported.

Additionally, we recommend that management perform bank reconciliations on a monthly basis and review the financial statements to ensure contributions and expenses are properly recorded and classified before the financial statements are presented to the Board and provided to third parties.

Management's response: Management understands that this finding results from professional standards that have been adopted by the accounting profession. The Foundation generates financial information needed to effectively manage and plan operations in a timely manner and does not consider their current situation to be deficient.

Additionally, management agrees with the recommendation above and feels the appropriate personnel are now in place to ensure these procedures are implemented.

2013-2 - Lack of Segregation of Duties

Observation: The segregation of duties is not sufficient to have effective internal control over financial reporting, which is due to the limited number of employees involved in the accounting process. Personnel responsible for preparing and approving transactions also have the responsibility for recording and reconciling transactions in the accounting records.

Recommendation: We recommend that management continue to delegate responsibilities to other financial staff as their level of competency increases to enhance internal control through segregation of duties. Specifically, we have the following recommendations:

- Cancelled checks to be reviewed on-line by a board member,
- Automate the disbursement process requiring electronic approvals.

Management's response: Management intends to pursue segregating responsibilities.



September 12, 2014

Board of Directors
River Parishes Community College Foundation, Inc.
Sorrento, Louisiana

We have audited the financial statements of **RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.** (the Foundation) (a non-profit organization) for the year ended December 31, 2013, and have issued our report thereon dated September 12, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 14, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2013. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate is accounting for the allocation of fundraising expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Schedule 1 summarizes material misstatements detected as a result of audit procedures that were corrected by management. There were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 12, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of **RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Faulk & Winkler, LLC

Certified Public Accountants
Baton Rouge, Louisiana

**RIVER PARISHES COMMUNITY COLLEGE
FOUNDATION, INC.**

Summary of Audit Adjustments

December 31, 2013

Description	Debit	Credit	Effect on change in net assets
To adjust for receipt of contribution receivable:			
Contribution income: unrestricted donations	\$ 5,000		
Retained earnings		\$ 5,000	\$ (5,000)
To adjust investment balance and earnings to actual:			
Investment earnings	9,756		
Investments - Solomon Acy Trust		9,756	(9,756)
To record pledge revenue and receivable:			
Pledge receivable	72,666		
Temporarily restricted contributions: Capital Campaign		72,666	<u>72,666</u>
Effect of audit adjustments			<u>\$ 57,910</u>